

**Statement of Dr. Timothy Creal  
Forest Counties Payments Committee  
Before  
House Committee on Agriculture  
United States House of Representatives  
April 7, 2005**

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today and discuss the critical issue of payments to states and counties associated with National Forests and Oregon and California Grant Lands. I am Timothy Creal and I am here today representing the Forest Counties Payments Committee. I am also the Superintendent of Schools for the Custer School District in South Dakota. The Payments Committee was created by Congress to provide recommendations for a long-term solution for making payments to states and counties. The Committee is also charged with evaluating payments made under the current Secure Rural Schools and Community Self-determination Act, and to make other evaluations related to impacts to communities. A Report containing the findings and recommendations of our Committee was submitted to the six congressional committees of jurisdiction in February of 2003. I would ask that Report be made a part of my statement today. During the 18 months of preparing the Report to Congress, the Payments Committee conducted 10 listening sessions in different locations around the country where we heard from school officials, federal agency employees, local elected officials, and citizens. We also met with members of Congress and their staff, as well as officials from the Administration. The Forest Counties Payments Committee undertook a research project that provides the most current information on topics such as the tax value of federal lands, the costs and benefits

of public lands to communities, and how states allocate the federal payments between schools and roads. Readers will also see a discussion of the history of National Forests and Oregon and California Grant Lands, appropriate in this hundredth year anniversary of the Forest Service, and an evaluation of resource advisory committees authorized under Title II of the current law.

Almost 100 years ago, Congress recognized that the presence of public lands could create certain impacts on communities. The inability to collect property taxes and the scarcity of private lands for future development were among several concerns identified.

Establishment of the 1908 Payment Act for National Forests, and the 1937 O&C Act for Oregon and California Grant Lands were efforts to mitigate these impacts. These payment programs, along with healthy economies generated by active management of these federal lands, helped ensure adequate funds for schools and roads. However, this changed as timber harvests on public lands rapidly declined. The Secure Rural Schools and Community Self-determination Act of 2000 is an effort to have the federal government live up to commitments made to communities many years ago, and to hold counties and local governments harmless for changes the government makes in its program levels. The current law, which expires in 2006, is being implemented by state and local governments, the Forest Service, Bureau of Land Management, and private citizens through their participation in resource advisory committees under Title II.

## Title I

Mr. Chairman, in 2004, approximately \$507 million were made available through this legislation. The majority of this money, \$426 million, will be used for education and roads. The remaining \$80 million were set aside by counties for certain county projects, and projects on public lands. Without the payments guaranteed under the Secure Rural Schools and Community Self-determination Act, that amount would have been approximately \$82 million. That includes payments from National Forests as well as the O&C Lands. After four years of experience with this Legislation, it is clear these payments have allowed schools to continue to be viable in many communities.

Information provided by the National Education Association, the National Forest Counties and Schools Coalition, and the American Association of School Administrators indicates that without the guaranteed payments many rural schools would have lost their ability to provide the same quality education available in many urban schools. School officials told us they would have dropped athletic programs, music programs, and honors programs; the very curricula that allow rural students to compete with their urban counterparts for acceptance into college. Others expressed concerns about the way some states allocate Title I funds to local school districts. This generally occurs where states have put in place equalization formulas for education funding.

Counties and local governments have also been able to provide better maintenance on local roads and bridges to meet critical health and safety needs, protect water quality, and provide access to public lands. Our findings and recommendations regarding funding for

education and roads can be found in the Report. The Payments Committee is currently gathering additional information about education and road expenditures in cooperation with several organizations, and will continue to provide that to the committees of jurisdiction as it becomes available.

## Title II

One of the great experiments of the Secure Rural Schools Act is found in Title II. The belief that local citizens can come together and assist in the management of the National Forests and O&C Lands was not shared by everyone when this law passed. Land management disagreements of the past 15 years caused people to draw lines in the sand and work out their differences through appeals and lawsuits. It is remarkable how quickly some people have put aside that “baggage” and jointly agreed on projects to improve water quality, fuels reduction, and wildlife habitat. There are currently 59 active resource advisory committees, and an additional 29 that have been chartered. In 2004, approximately \$41.8 million were set aside by counties to accomplish projects on the National Forests and O&C Lands. Most are in the West, but some do exist in the Southeast. We find a strong correlation between the amount of money a county receives, and whether or not they decide to allocate any to Title II and form a resource advisory committee. Given this, we recommend creating other financial incentives where payments are not significant enough to create advisory committees. We also believe the role of resource advisory committees could be expanded beyond their current authorities.

We find that many resource advisory committees accomplish public land projects by partnering with other financial resources and volunteers. This serves to increase the effectiveness of the Title II monies identified by counties. It is also important to find ways to better determine economic benefits in terms of jobs created.

The success of resource advisory committees will be determined over time. A study recently completed by Boise State University, and an on-going study by the Sierra Institute for Community and Environment, will provide valuable information about the effectiveness of these advisory committees, and any changes that need to be made to improve their operation. The Payments Committee intends to document the results of some of these projects in the near future, and will make that available to this Committee.

### Title III

In 2004, approximately \$38.6 million were set aside by counties to accomplish projects under the six categories authorized by the current law. There was not a great deal of information available about Title III when the Committee filed its Report in 2003, and several efforts are underway to gather more detailed information about how counties are using these funds. Our Committee made several recommendations about Title III. First, we believe it is important to continue this Title in future legislation. We commissioned a study that sampled 100 counties around the country to identify costs and benefits of federal lands to communities. Title III allows counties and local governments to offset some of the costs associated with search and rescue operations and fire prevention created by the presence of the public lands. The Payments Committee and federal

agencies received many calls from counties asking for assistance to interpret whether certain projects qualified under Title III. Because of these uncertainties, we see a need to have some type of accountability and reporting procedures in place to ensure monies are spent as Congress intended.

#### Additional Observations

In closing, we are aware of the cost of reauthorizing these payments. Part of the cost should be born by receipts collected from the public lands. But they are not enough, nor are they stable. As a comparison, we evaluated the current tax value of public lands and compared that to the payments from the Secure Rural Schools Act and the Payments in Lieu of Taxes Law. When considered in the aggregate, the tax value of those lands, if they were in private ownership, is greater than the combined payments from the two payment programs. While Congress did not intend for these payment programs to necessarily compensate for loss tax revenue, it is a legitimate measure against the amount that is being paid by the federal government.

The Forest Counties Payments Committee will continue to be available to this Committee, and provide any assistance as new payment legislation is developed.